

Deferred Compensation Preliminary Follow-up Report

Washington State Law Enforcement
Officers' and Fire Fighters' Plan 2
Retirement Board

July 26, 2006

Brief Summary

- Employer Participation
- Issues
- Policy Options for Employer Contributions

Plans Impacted

- 2005 Board Employer Survey
 - Of the 368 employers surveyed, 331 offer a 457 deferred compensation program
 - Of the 331 employers, 92 offer some sort of employer contribution match

Issue: Employer Contributions

- Employer contributions as “Salary”
 - Guaranteed contributions are in
 - Matching contributions are out

Policy Options

- **Option 1:** Include employer contributions to a 457 deferred compensation plan as basic salary, except if in lieu of Social Security.

Policy Options

- **Option 2:** Include employer contributions to a 457 deferred compensation plan as basic salary, no exception.

Policy Options

- **Option 3:** Add 401(a) and 401(k) defined contribution plans to the definition of basic salary and include employer contributions from a 457, 401(a) or 401(k) deferred compensation plan as basic salary.

Proposal Summary

- Include all employer contributions to a 457 plan as salary except for plans in lieu of social security
- Include all employer contributions to a 457 plan as salary, no exceptions
- Include all employer contributions to a 457, 401(a), or 401(k) plan as salary, no exceptions

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Questions?